

Message Text

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ACTION COME-00

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R 171507Z MAY 74

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 9369

UNCLAS BELGRADE 2364

PASS COMMERCE

E.O. 11652: N/A

TAGS: PFOR, BDIS, ETRD, YO

SUBJ: TRADE COMPLAINT OF MAJOR YUGOSLAV ENTERPRISE

REF : BELGRADE A-259

1. IN COURSE OF AMB'S RECENT VISIT TO INTERGRATED COPPER ENTERPRISE RTB BOR - YUGOSLAVIA'S SECOND LARGEST FIRM AND A TRADITIONAL MAJOR CUSTOMER OF US EQUIPMENT - MANAGING DIRECTOR JOVANOVIĆ EXPRESSED SERIOUS CONCERN ABOUT CURRENT DIFFICULTIES IN OBTAINING SPARE PARTS AND REPLACEMENT EQUIPMENT FROM U.S. AND AMB PROMISED EMBASSY WOULD DO ITS UTMOST TO HELP.

2. DUE TO LONG DELAYS IN DELIVERIES, MANY MINING TRUCKS AND EXCAVATORS ARE OUT OF COMMISSION, AND OUTPUT OF BOR - LARGEST COPPER PRODUCER IN EUROPE-IS BEING SIGNIFICANTLY AFFECTED. MOREOVER, ALLEGED FAILURE OF SOME U.S. FIRMS TO ADHERE TO AGREED PRICE ARRANGEMENTS IN DISRUPTING BOR BUDGET.

3. EMBASSY REALIZES SUPPLY SITUATION IN THIS INDUSTRY IS TIGHT, AND THAT INFLATION-CAUSED PRICE CHANGES ARE COMMON. NEVERTHELESS, EMBASSY BELIEVES CUSTOMER WHO WILL PROBABLY IMPORT 150 TO 200 MILLION DOLLARS' WORTH OF EQUIPMENT FROM US OVER NEXT FIVE YEARS IS DESERVING OF SPECIAL CONSIDERATION.

4. EMBASSY RECOMMENDS THAT COMMERCE CONTACT FOLLOWING FIRMS TO BE CONTACTED, WITH A VIEW TO ASSURING IMPROVED SYSTEM OF SUPPLY FOR BOR:

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A. GENERAL MOTORS. PART OF RECENT ORDER FOR TRUCK SPARE PARTS HAS NOT BEEN DELIVERED. LONG DELAY IN DELIVERY OF PARTS FOR TRUCK MOTORS HAS CREATED PARTICULARLY CRITICAL SITUATION FOR BOR.

B. UNIT RIG AND EQUIPMENT COMPANY, TULSA, OKLAHOMA. SPARE PARTS FOR 120 TON MINING TRUCKS WERE PREVIOUSLY DELIVERED WITHIN ABOUT THREE MONTHS: NEW REQUIRE SIX TO 18 MONTHS.

C. HARNISCHFEGGER CORPORATION, MILWAUKEE, WISCONSIN: SPARE PARTS FOR EXCAVATORS PREVIOUSLY DELIVERED WITHIN 90 TO 120 DAYS AFTER ORDER CONFIRMATION. SPARE PARTS NOW REQUIRE NINE MONTHS: BEARINGS AND CASTINGS, ONE YEAR, COMPLETE EXCAVATORS, TWO YEARS.

D. WAVCO CONSTRUCTION EQUIPMENT DIVISION, AMERICAN STANDARD, INC., PERORIA, ILLINOIS: ACCORDING TO BOR MANAGEMENT WABCO SUDDENLY INCREASED SPARE PARTS PRICES MAY 13 ON ORDERS FOR WHICH LETTER OF CREDIT HAS ALREADY BEEN OPENED.

3. MARION POWER SHOVEL COMPANY, MARION, OHIO: ALLEGEDLY INFORMED BOR IN LETTER OF APRIL 29 THAT IT WILL NOT DELIVER SPARE PARTS AT PRICES PREVIOUSLY AGREED AND THAT IT WILL NO LONGER AGREE TO ANY FIRM PRICE PRIOR TO DELIVERY.
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